



Partnership to Cut Hunger and Poverty in Africa

Investing in Africa's Future

U.S. Agricultural Development Assistance for Sub-Saharan Africa

Levels, Trends, and Effectiveness

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RESOURCES
FOR THE FUTURE

Outline

- Background and Objectives
 - Methods
 - Summary of Key Findings
 - Recommendations
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Background & Objectives

- ❑ Why did we undertake this report?
 - ❑ Objectives
 - Define agricultural development assistance
 - Summarize policy-level commitments to African agriculture
 - Document levels and trends in U.S. assistance to African agriculture
 - Describe the system of institutions and funding mechanisms through which U.S. assistance is provided
 - Analyze how political and governance features of the U.S. aid system influence the effectiveness of U.S. assistance
 - Present conclusions and recommendations
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Methods

- ❑ Extensive review of publicly available documents
- ❑ Interviews and information provided by U.S. & multilateral agency personnel, other U.S. experts, stakeholders
- ❑ Data-gathering trip to Ghana, Mali, Mozambique, Uganda and meetings with broad cross-section of stakeholders
 - National consultants:
 - ❑ Dr. Sam Asuming-Brempong, Ghana
 - ❑ Mr. Bakary Kante, Mali
 - ❑ Mr. Victorino Xavier, Mozambique
 - ❑ Dr. Peter Ngategize, Uganda
- ❑ Interim report discussed at stakeholder workshop in April 2005

What is Agricultural Development Assistance?

- Construed broadly for this report to include:
Activities and investments that foster agriculture-led economic growth and reduced poverty and hunger
 - Ranges from natural resource management and improved farming practices to rural roads and trade policy
 - Reflects the recognition that agriculture's contribution requires improved productivity *and* linking farmers to markets
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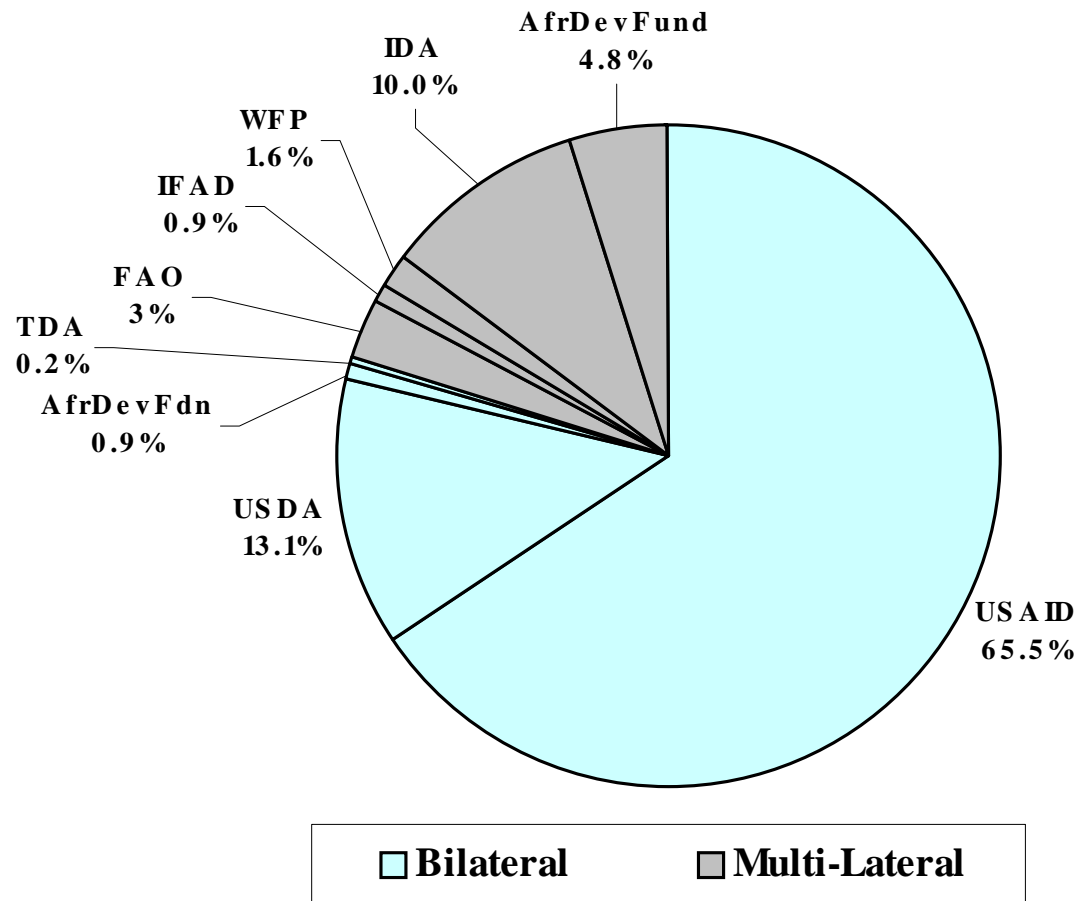
Methodological Issues in Quantifying Assistance

- No standardized definition of “agricultural development assistance”
- Multiple bilateral and multilateral channels with diverse reporting systems
- Complexity of the lead agency: USAID
- Resulting in estimates and a good picture of funding levels and trends, not an audit

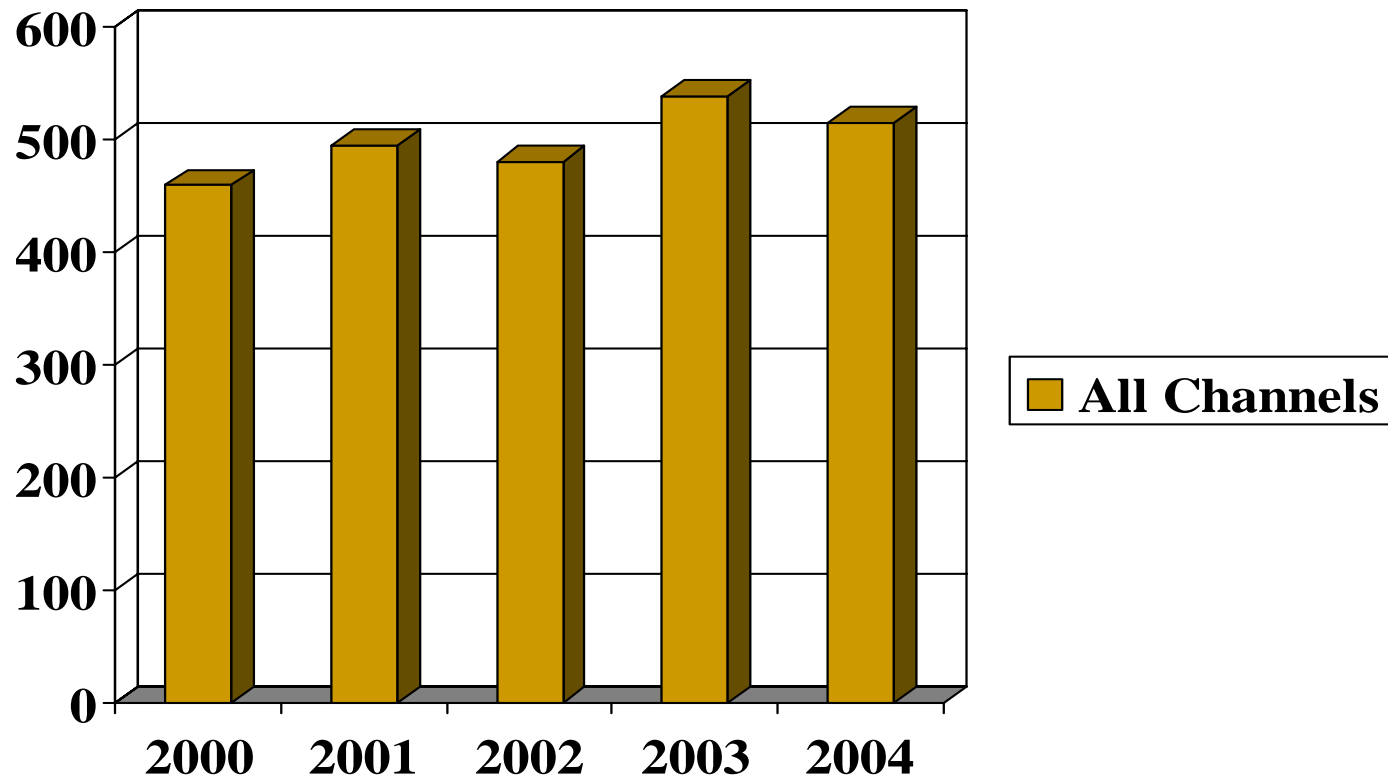
Summary of Key Findings on Levels of U.S. Agricultural Assistance 2000-2004

- **USAID funding in 2004: \$353 million**, an *increase of 9%* in real terms, despite funds available to Africa Bureau being flat
- **Total U.S. funding in 2004: \$514 million**, an *increase of 2%* in real terms reflecting declines in funding through some other channels
- **Total U.S. and USAID funding declined slightly in 2004**, in absolute terms, from 2003 peak
- **U.S. funding for health grew sharply**, 51% in real terms for Africa Bureau alone

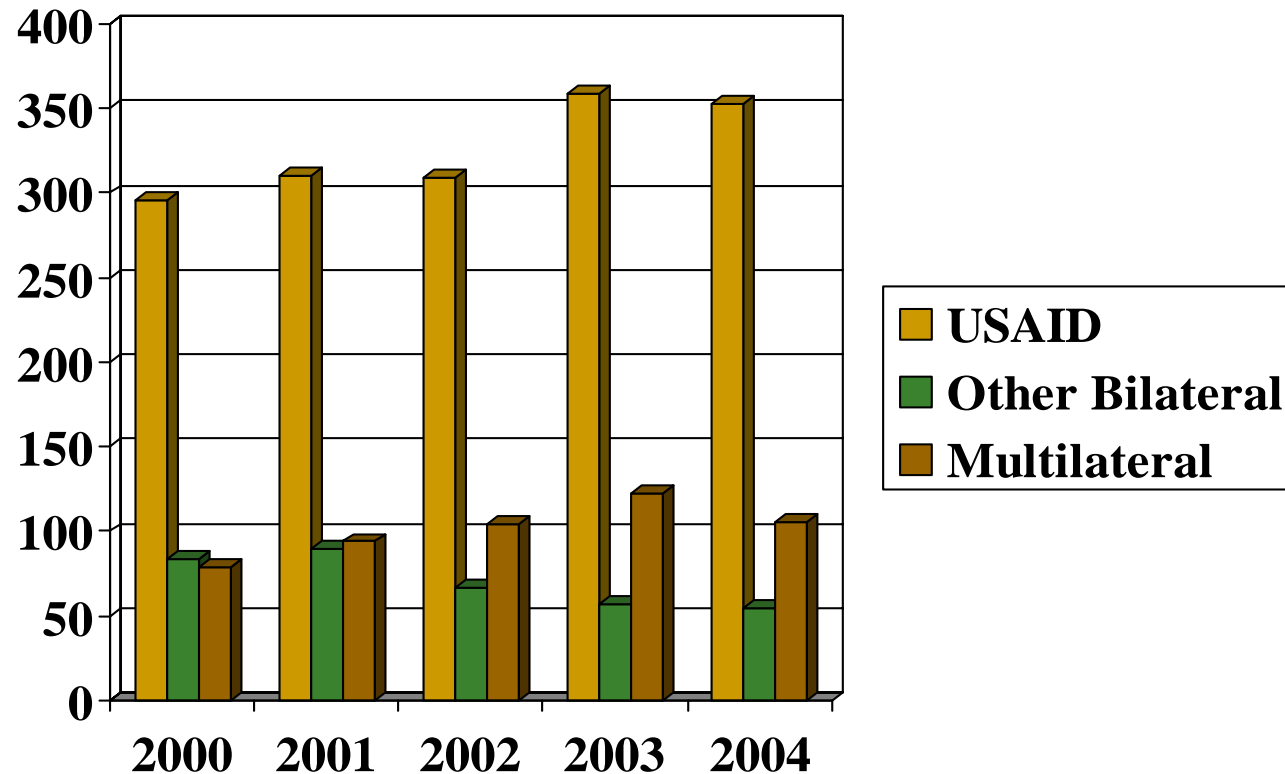
Distribution of U.S. Assistance to African Agriculture Across All Channels



2000-2004 Trend in Total U.S. Agricultural Development Assistance



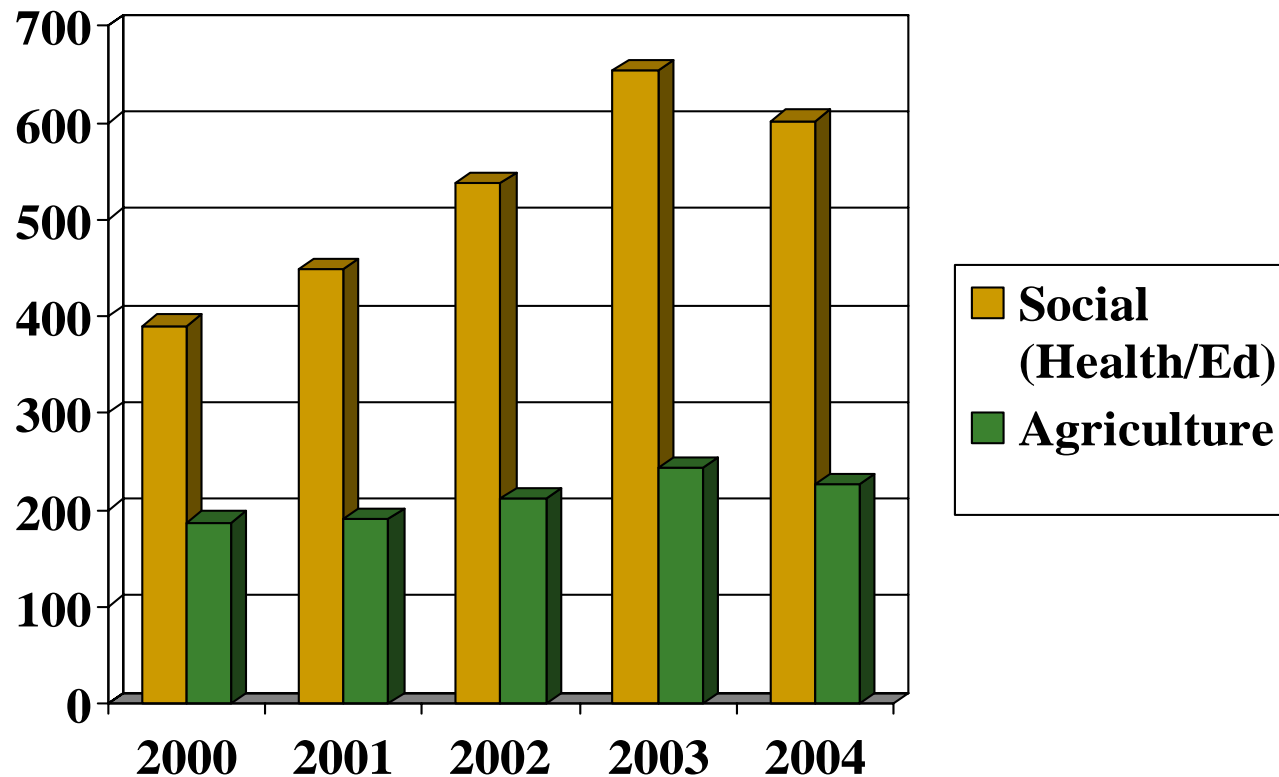
Trend in Agriculture-Related Assistance USAID and Other Channels



Key Constraints on USAID Funding Level: Flat Funding of DA Account and Earmarks

- Africa Bureau manages 65% of USAID ag assistance for Africa
- Two key Africa Bureau accounts are Child Survival and Health (CSH) and Development Assistance (DA)
- Africa DA account funds education, democracy, *agriculture, economic growth, and environment*
- Total DA for Africa gained <2% in real terms from 2000 to 2004, from \$443 million to \$494 million, while CSH grew 51%
- Education consumed \$33 million of the \$51 million DA gain and grew 25% in real terms, driven by a tripling of the Global DA earmark for education from 2000 to 2004
- **Result:** *3% decline in real terms in funds available for African agriculture*
- **Policy consequence:** The President's Initiative to End Hunger in Africa (IEHA) boosts focus on agriculture but not available funding

Africa Bureau Funding of Social Sectors and Agriculture-Led Development



Findings Related to Effectiveness

- Congressional earmarks limit USAID's flexibility to respond to local needs, undermining local ownership of the development process
 - Fragmentation of program funding spreads aid thin, raising doubt about long-term sustainable impact
 - Pressure on USAID managers for short-term results is at odds with long-term investment and growth strategies
 - Domestic interests impose a substantial “political overhead” cost on U.S. assistance programs
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Earmarks Limit USAID Flexibility to Respond to Local Priorities

- USAID country strategies and economic growth-related strategic objectives congruent with country PRSPs, sector strategies
 - Congressional earmarks drive allocation of over 90% of USAID's total DA account
 - Some earmarks relate to rural and agricultural development (trade capacity, microenterprise, biodiversity, plant biotech), but they may not match specific country priorities
 - Impact of earmarks is to reduce the flexibility of development assistance programs to respond to local priorities, undermining local ownership of the development agenda
 - MCA is currently insulated from earmarks
 - **Issues:** Can MCA be protected politically from earmarks? Can USAID's flexibility to respond to local priorities be increased?
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Fragmentation Spreads Aid Thin

- Africa Bureau ag assistance funding averages \$6 million per country per year
- Country-level funding is further subdivided among multiple contractors and grantees
- Country efforts not coordinated well with regional programs or programs of other U.S. agencies
- Result is a large number of relatively small, separately managed projects
- **Issue:** Are projects large enough and coordinated enough to have a significant and sustainable impact on development?

Short-Term Results Pressure Is At Odds with Long-Term Strategies

- USAID missions are under pressure to report relatively short-term results
 - Results focus is important, but currently tends to --
 - Focus managers on immediate, tangible results rather than building “public goods” – the foundation for long-term development
 - Diminish incentives for building local capacity and institutions
 - **Issue:** How can USAID management provide incentives to foster longer term investments?
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Domestic Interests Impose “Political Overhead”

- U.S. development assistance remains largely tied to U.S. procurement of goods and services
 - Most contractors and grantees managing projects in Africa are U.S.-based
 - Food aid is mostly sourced in the United States and shipped in U.S. vessels
 - Results are higher costs that undermine the on-the-ground investment value of U.S. assistance and further undermine local ownership
 - **Issue:** Is there a constituency for reform to make U.S. assistance more efficient and effective?
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Recommendations

- Congress and the administration should make African agriculture a budget priority by –
 - Doubling the level to 10% of total USAID-managed assistance
 - Developing an Africa-focused funding vehicle that builds on MCA principles but more widely addresses rural economic growth in qualified countries
 - US should make local ownership of development a higher priority and ensure this is reflected in program and funding strategy
 - Congress should reform policies that impose a political overhead on U.S. assistance
 - USAID should take the lead across U.S. agencies and internationally to reduce fragmentation and improve coordination of resources in accordance with a long-term agricultural development strategy
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